

Message Text

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ORIGIN AF-08

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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DRAFTED BY: AF/E:PGSMITH

APPROVED BY:AF:DBBOLEN

AF/E:RSPOST(DRAFT)

EXIM:RASWART

AFR/ESA:LPOMPA(DRAFT)

AF/EPS:RDUNCAN

EB/IFD/ODF:FHTTHOMAS

----- 084309

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FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

C O N F I D E N T I A L STATE 293121

E.O. 11652: GDS

TAGS: EAID, EFIN, ZA, US

SUBJECT: USG ATTITUDE TOWARD ASSISTANCE TO ZAMBIA

REFC LUSAKA 2963

1. SEPTTEL DEALS WITH SPECIFIC CONCERN ABOUT EXIMBANK POLICY RAISED IN REFTTEL. WE ASSUME THAT YOU ARE ROUTINELY EMPHASIZING TO GRZ OFFICIALS AND OTHERS THE USG'S POSITIVE ATTITUDE TOWARD ZAMBIA, AND BELIEVE THAT YOU MAY FIND THE FOLLOWING GUIDANCE USEFUL FOR THIS PURPOSE.

2. THE USG IS MOST GRATEFUL FOR THE CONSTRUCTIVE ATTITUDE THAT THE GRZ, AND PARTICULARLY PRESIDENT KAUNDA, HAVE TAKEN TOWARD OUR EFFORTS TO PROMOTE A PEACEFUL SETTLEMENT TO THE PROBLEMS OF SOUTHERN AFRICA. IT RECOGNIZES THAT
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ZAMBIA'S PRINCIPLED POLICY AND ACTIONS WITH RESPECT TO

RHODESIA HAVE BROUGHT ON VERY CONSIDERABLE ECONOMIC DIFFICULTIES, WHICH HAVE BEEN GREATLY EXACERBATED BY WORLD ECONOMIC TRENDS OVER THE PAST TWO YEARS.

3. RECOGNIZING THE SEVERITY OF ZAMBIA'S PRESENT BALANCE OF PAYMENT DIFFICULTIES, THE UNITED STATES IS ALREADY DOING ITS UTMOST TO HELP. TOTAL US COMMITMENTS SINCE LAST SUMMER ALREADY TOTAL \$31.6 MILLION, WITH ADDITIONAL PL 480 TITLE I ASSISTANCE WORTH ABOUT \$5 MILLION CURRENTLY UNDER NEGOTIATION. WE ARE ALSO ACTIVELY PURSUING MEANS OF PROVIDING FURTHER ASSISTANCE TO ZAMBIA IN THE CURRENT FISCAL YEAR.

4. IF EXIM ATTITUDE IS RAISED BY YOUR INTERLOCUTORS, YOU MIGHT POINT OUT THAT EXIM'S PRESENT CAUTION IS CONDITIONED BOTH BY ZAMBIA'S PRESENT ECONOMIC DIFFICULTIES AND BY EXIM'S PRESENT HIGH LEVEL OF EXPOSURE IN ZAMBIA, WHICH HAS RISEN BY ABOUT 50 PERCENT SINCE LAST YEAR AT THIS TIME. ECONOMIC ASSISTANCE PROVIDED BY THE US AND OTHERS IS DESIGNED TO HELP ZAMBIA WEATHER THE CURRENT ECONOMIC CRISIS AND RETURN TO PAYMENTS EQUILIBRIUM, WHICH IN TURN WILL ASSIST IT IN MEETING COMMERCIALLY ORIENTED LENDING CRITERIA WHICH EXIM APPLIES TO ALL BORROWERS.
ROBINSON

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